

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
APRIL 18, 2011

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, April 18, 2011, at 5:30 p.m. in the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Jaymie Foote, Bill Harris, Deena Johnson, and Paul Randolph. Seven (7) Emerald Bay residents attended.

Director Harris called the meeting to order at 5:30 p.m. Director Harris asked for comments on the Minutes of the Regular meeting of March 21 and the Special meetings of March 31 and April 12. Director Cole requested a change in the Minutes of March 21 in the 6th paragraph to reflect the construction in progress total (\$759,699) consisted of approximate numbers; i.e. \$350,000 for greens drainage, \$350,000 for third water well, and \$40,000 to complete installation of SCADA system. Director Foote requested a change in the Minutes of March 31 to reflect that Harris Computing Systems is not related to Director Harris. **Director Randolph made a motion to approve the Minutes of March 21, March 31 and April 12 with the changes noted above. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary of March 31, 2011. Under sewer system operations, total income was \$27,294, total expenses were \$15,264, and net income was \$9,945. Under water system operations, total income was \$21,695, total expenses were \$9,512, and net income was \$7,386. Under road & bridge operations, total income was \$8,092 and total expenses were \$873, and net income was \$7,242. Director Cole pointed out that the District has collected initiation (new member) fees of \$14,000 YTD and road maintenance charges of \$24,162 YTD. The balance sheet shows total assets of \$4,116,264 of which \$798,123 was allocated to construction in progress (\$383,659 spent for golf course with \$33,350 to Turf Solutions in March; water well #3 was \$355,993 with \$1,441 included in March; balance is SCADA system for lift stations). Mr. Cole clarified that the March 31 construction in progress numbers do not reflect the differences between March 31 and April 18 (i.e., the April 15 bond funding). In regard to customer accounts of \$82,705 last month, the Club made three payments to the District in March for past invoices lowering the accounts receivable to less than \$30,000. Other current liabilities of \$324,907 includes the two interim loans (\$100,000 and \$150,000) and \$68,000 for the water bond at Capital One. Mr. Harris noted the two Capital One interim loans have been paid off from funding of the \$799,950 Notes closed on April 15, 2011. **Director Randolph made a motion to approve the March financial report. Upon second (Foote), the March financials were approved by unanimous consent.**

Director Cole reviewed the March check detail noting the \$33,350 expenditure to Turf Solutions for the golf course and \$9,782 to Bloc for installation of the SCADA system for the plant and lift stations. **Director Randolph made a motion to approve the March check detail. Upon second (Johnson), the March checks were approved by unanimous consent.**

Director Harris explained the District owes Andrews & Foster the final \$2,000 for drilling the third water well. They hooked up the well pump and ran 2-3 times to make sure it is operating correctly. The pump will be disconnected to finish installation of all electronics. **Director Harris made a motion to approve payment to Andrews & Foster of \$2,000 and accept the #3 water well (Resolution attached). Upon second (Randolph), the motion was approved by unanimous consent.** Director Harris noted acceptance of the well enables the District to start insurance on the well.

Director Harris referenced the following paragraph from the March 31, 2011, Special Meeting Minutes:

“The District purchased Enhance which is a utility billing system program written by Harris Computing Systems (no relation to Director Bill Harris) located in Tyler, Texas. This program is designed to generate customer billings from meter readings. This program is also designed to interface with QuickBooks, produce work orders, track the history of accounts, and compliance issues with state

inspectors. The EB Club uses the Jonus computer system for billing the membership accounts, but Jonus is not capable of producing the type of utility billing required by the TCEQ. Additionally, when data is created by the District to bill customers for water, Jonus is not capable of effectively updating the District's system accurately and in real time. **Director Randolph made a motion to enable President Harris to notify the financial advisory group that the Board wishes to convert to direct billing from the District. Mr. Harris will work with the financial advisory group to develop the proper process to execute the conversion and the best way to effectively notify the membership of the change and the major reasons for the change. Upon second (Foote), the motion was approved by unanimous consent.**"

Mr. Harris noted that the most important issue that the new billing system solves for MUD is the TOTAL COMPLIANCE WITH TCEQ BILLING REQUIREMENTS. He then stated the need to act on control of the master spreadsheet delineating all customer accounts for billing usage and fees associated with water, sewer, road maintenance, golf course drainage, and lots. This spreadsheet should be a master spreadsheet that can be accessed by both the Club and the MUD. Mr. Harris also noted that the District must give the Club 60 days written notice of its intention to cancel the accounting agreement. Director Randolph asked whether the District would accept bank cards (credit or debit) for payment of billings. Director Harris advised the MUD will not offer it as the Club does not offer such option. The District will allow customers to sign up for payment by automatic withdrawal or electronic funds transfer.

Director Harris gave an update of the District's field and plant operations noting that most of the month was spent finalizing the \$799,950 bond issue for improvement of the water system and golf course drainage. The two Capital One interim notes have been retired (see golf course renovation summary). The District will invoice the Club for its share of the bond attorney's fees.

Director Randolph referred to the Golf Course Greens and Drainage Project Finance Agreement, Section V(a) requiring documentation of modifications to the MUD's effluent dispersal system. Any change of location or modification of any type to the MUD's effluent dispersal system must be fully documented with updated plans and drawings. Such plans and drawings must be submitted reflecting all such changes along with the Affidavit of Completion at each stage. Bob Breedlove, Club golf course director, stated updated drawings on the sprinkler system will be provided to the MUD as soon as possible. Mr. Breedlove will advise MUD on April 21 as to the date drawings will be available. Mr. Breedlove also noted that the sprinkler system must be reprogrammed for the changes in course configuration (i.e., hole numbers).

Treasurer Cole anticipates a TCEQ audit to make sure the MUD has complied with all rules and accounting for project expenses. Financial Advisory Group member Edd Clark reiterated the fact that such audits are normally conducted for such projects within 90 days after the bond closing date and all information must be available.

There being no further business, the meeting was adjourned at 6:21 p.m. upon motion duly made (Randolph) and seconded (Foote) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Summary for March 31, 2011
Check Detail for March 2011
Resolution Accepting Well #3
System Switch To-do-list
Golf Course Renovation